PARKSON CORPORATION SDN BHD

v.

FAZARUDDIN IBRAHIM

COURT OF APPEAL, KUALA LUMPUR
GOPAL SRI RAM JCA
ABDUL KADIR SULAIMAN JCA
ALAUDDIN MOHD SHERIFF JCA
[CIVIL APPEAL NO: J-02-132-1999]
10 APRIL 2002

TRADE MARKS: *Registered trade mark and passing off - Infringement - Trade Description Act 1972, s. 16 - Order for assessment of damages - Whether award for damages proper in proceedings under s. 16 - Absence of order for damages - Whether assessment could be ordered beforehand*

The respondent obtained a trade description order from the High Court pursuant to s. 16 of the Trade Description Act 1972 ('the Act') on the basis that the appellant had infringed its trade mark and subsequently by way of summons in chambers, applied for, *inter alia*, assessment of damages. The trial judge granted the application and ordered the assessment for damages before the senior assistant registrar. The appellant appealed to this court against the said direction.

The main issues before this court were whether an award for damages could be made in proceedings under s. 16 of the Act, and whether an assessment could be ordered when there was no award for damages.

Held:
Per Gopal Sri Ram JCA

[1] An applicant moving the court under s. 16 of the Act is only entitled to the specific remedy provided by it. For otherwise, Parliament would have expressly conferred jurisdiction to the court to award damages if that was its intention. The law as it stands is that the court can only criminally punish the infringer of merchandising marks and the perpetrator of any other act or omission specifically proscribed by the Act. Additionally, it was observed that Parliament has left it to the parties to resort to the usual common law remedy, for example, the tort of passing off which was why it has not expressly barred bringing such action despite the trade description order. (pp 24 h & 25 a-c)

[2] A person who fails to maintain his position upon invoking s. 16 would be ordered to pay damages to the person who had successfully vindicated his rights in his application to discharge the trade description order. (p 25 g)

[3] It is trite that there can be no assessment of damages unless there is an order awarding damages. In the present circumstances, such an order was not made. Therefore, the decision of the trial judge below was set aside. (p 26 b & d)

Per curiam:

[1] Proceedings to set aside a trade description order are usually heard on affidavit evidence. Cross-examination is seldom, if ever, ordered. This is because the issue in such proceedings turns on the physical nature or impression of the mark in question. A merchandising mark either resembles another or it does not. Oral evidence does not and cannot help in the determination of that issue. It is a question of judicial impression, *ie*, an issue for the judge to determine whether the requirement of s. 16 of the Act has been complied with in the particular case. (p 21 d-e)

[Appeal allowed with costs.]

*[**Bahasa Malaysia** Translation Of Headnotes]*

Responden telah mendapatkan suatu perintah perihal dagangan daripada Mahkamah Tinggi di bawah s. 16 Akta Perihal Dagangan 1972 ('Akta') atas alasan perayu telah melanggar tanda niaganya dan setelah itu melalui saman dalam kamar, memohon untuk, antara lain, taksiran ganti rugi. Hakim perbicaraan telah membenarkan permohonan tersebut dan mengarahkan taksiran gantirugi di hadapan penolong kanan pendaftar. Perayu membuat rayuan ke mahkamah ini berkenaan arahan tersebut.

Isu-isu utama dihadapan mahkamah ini adalah sama ada suatu award ganti rugi boleh dibuat di bawah s. 16 Akta, dan sama ada suatu taksiran boleh diperintahkan bilamana tidak terdapat award untuk ganti rugi.

Diputuskan:
Oleh Gopal Sri Ram HMR

[1] Seseorang pemohon yang memohon ke mahkamah di bawah s. 16 Akta hanya layak kepada remedi spesifik yang diberikan olehnya. Sekiranya tidak, Parlimen semestinya secara nyata memberi bidangkuasa kepada mahkamah untuk memberi award gantirugi jika itulah niatnya. Undang-undang pada masa kini adalah mahkamah hanya berupaya untuk membuat dakwaan jenayah terhadap penceroboh tanda niaga barangan dagangan dan pesalah perlakuan lain atau peninggalan yang khususnya ditetapkan oleh

Akta tersebut. Tambahan pula, diperhatikan bahawa Parlimen telah membenarkan pihak-pihak berkenaan untuk mengisih semula kepada remedi common law yang biasa terpakai, contohnya, tort kelirupaan maka itulah sebab kenapa ia tidak secara nyata melarang pembawaan tindakan sedemikian walaupun dengan adanya suatu perintah perihal dagangan.

[2] Seseorang yang gagal untuk mengekalkan pendiriannya dalam menggunakan s. 16 akan diperintahkan membayar gantirugi kepada pihak yang berjaya mengesahkan haknya melalui penyangkalan dalam permohonannya untuk melepaskan perintah perihal dagangan berkenaan.

[3] Secara lazimnya, tidak ada taksiran ganti rugi melainkan terdapat suatu perintah untuk pembayaran gantirugi. Dalam keadaan semasa, perintah sedemikian tidak dibuat. Dengan itu, keputusan hakim dibawah diketepikan.

Per curiam:

[1] Prosiding-prosiding untuk mengenepikan suatu perintah perihal dagangan biasanya dibicarakan atas keterangan afidavit. Pemeriksaan-balas jarang, sekiranya adapun, diperintahkan. Ini adalah kerana isu dalam prosiding-prosiding sedemikian tertumpu kepada sifat atau tanggapan fizikal tanda yang berkenaan. Sesuatu tanda niaga barangan dagangan sama ada menyerupai yang satu lagi atau tidak. Ini merupakan satu soalan tanggapan kehakiman, iaitu suatu isu untuk hakim menentukan sama ada keperluan di bawah s. 16 Akta telah dipatuhi dalam kes yang berkenaan.

[Rayuan dibenarkan dengan kos.]

Case(s) referred to:

Cho Heng Rice Vermicelli Factory Co Ltd v. Rifetra Sdn Bhd [2000] 8 CLJ 85 ***(refd)***
Enkei Automotive Co Ltd & Ors v. Bright Rims Manufacturing Sdn Bhd & Ors [1998] 4 MLJ 474 ***(refd)***
Lai Yoke Ngan & Anor v. Chin Teck Kwee & Anor [1997] 3 CLJ 305 ***(refd)***
Metal Industry Employees Union v. Registrar of Trade Unions & Ors [1976] 1 MLJ 220 ***(refd)***
Pasmore v. Oswaldtwistle Urban District Council [1898] AC 387 ***(refd)***
Tan Chye Choo & Ors v. Chong Kew Moi [1970] 1 MLJ 1 ***(refd)***
Wilkinson v. Barking Corporation [1948] 1 KB 721 ***(refd)***

Legislation referred to:

Rules of the High Court 1980, O. 92 r. 4
Trade Description Act 1972, ss. 3, 16(3)

For the appellant - DP Naban; M/s Lee Hishammuddin
For the respondent - Shaari Nor; M/s Brian Komathi & Partners

[Appeal from High Court, Johor Bahru; Originating Motion No: 25-15-1994]

Reported by M Maheswaran

JUDGMENT

(oral)

Gopal Sri Ram JCA (delivering the judgment of the court):
This is in totality a plain case. The facts are not in dispute. Neither is the law unsettled.

In brief, the respondent on 7 July 1994 obtained by way of an *ex parte* originating motion from Johor Bahru High Court, a trade description order ("TDO") under Trade Description Act 1972 ("the Act"). Later, the appellant who was obviously the primary target of the said TDO applied to set it aside. It failed. The proceedings to set aside a TDO are usually heard on affidavit evidence. Cross-examination is seldom, if ever, ordered. This is because the issue in such proceedings turns on the physical nature or impression of the mark in question. A merchandising mark either resembles another or it does not. Oral evidence does not and cannot help in the determination of that issue. It is a question of judicial impression. In other words, it is a question of law for the judge to determine whether the requirement of s. 16 of the Act has been complied with in a particular case.

We make this aside *en passent*, because we notice that in the present case, unusually, an oral hearing was directed in the form of cross-examination of the deponents of the affidavits. Whether this is an advisable course, we are not prepared to say. But we do remind counsel engaged in the practice of trade mark law to bear in mind the purposes for which s. 16 of the Act exists and the nature and methodology of an application to set aside an order made under it.

Having said that, we return to the mainstream. Having failed, the appellant appealed. But it withdrew its appeal. Later still, the respondent took out the summons in chambers dated 6 August 1998 (encl. 38). In it, the respondent prayed for assessment of damages and for an account of profits. The learned judge who heard the application granted it and directed the assessment of damages before the senior assistant registrar. In the course of the judgment below in support of the order made, this is what the judge said:

> Indeed it would be wrong not to award damages to Fazaruddin. It is now trite law that the governing purpose of awarding damages is simply to put the party whose rights have been violated in the same position, in so far as money can do so, as if his rights had been observed (*Sally Wertheim v. Chicoutimi Pulp Co* [1911] AC 301). Then there is the rule which says that if the aggrieved party were to relentlessly pursue the matter with diligence, it would ultimately provide him with a complete indemnity for all the loss de facto which results from a particular breach notwithstanding that it is improbable or unpredictable. Some may say that it is a harsh and draconian rule.

The appellant has now appealed to us complaining that the learned judge ought not to have directed an assessment of damages. We heard arguments from both sides on 2 April and adjourned it for continued hearing to this morning because a point arose in the course of argument upon which we required further assistance from the counsel on both sides. The point is this: can an award of damages be made in proceedings under s. 16 of the Act? The other point, which is before us for decision, was argued by the appellant, namely, whether an assessment could be ordered when there is no award for damages. We will deal with each of these points in turn.

In a carefully developed argument, Mr. Shaari Nor for the respondent with his usual ability formulated three submissions in support of the learned judge's conclusion. According to counsel, there is power in a court making a TDO under s. 16 of the Act to make an award for damages. This is because: (i) there is nothing in the Act which says that such an award cannot be made; (ii) the preamble to the Act makes it clear that the Act is directed not only at misleading marks and false or misleading indications as to the price of goods, or prohibiting the making of false or misleading statements in the course of a trade or business, but it is also directed at related purposes; (iii) in any event, it is implicit from s. 16(3) of the Act that civil proceedings are envisaged by the Act, that is to say, apart from the criminal proceedings sanctioned by s. 3 of the Act, and such civil proceedings must relate to damages; (iv) the presumption in favor of preservation of common law remedies has not been rebutted either expressly or by implication by any provision of the Act; and (v) the Act should be read in such a way as to avoid inconvenience and unnecessary expense to the parties who come before a court in the proceedings under the Act.

Additionally, counsel argued that the learned judge was right in the circumstances in the present case to make an award for assessment of damages because liability has been established against the appellant. The appellant had withdrawn its appeal. Therefore, it has conceded that it was liable to the respondent. Further, at the hearing of the appellant's summons to set aside the TDO, evidence was led by the respondent to show an infringement and

he had thereby established a claim for damages. Therefore, in the ordinary course, there was nothing wrong in the judge first finding liability and then at later date, ordering the assessment of damages. In any case, a claim for damages was made in one of the affidavits filed in opposition to the appellant's summons to set aside the TDO.

Mr. Naban for the appellant had argued at the previous hearing – we did not think it necessary to trouble him today – that there ought to have been an order awarding damages made in the first place before assessment could have been directed. More fundamentally, s. 16 is constructed in such a way as to merely provide a limited remedy to an applicant who moves under it. The present proceedings were in excess of the limited scope of s. 16.

Before we deal with the issues raised in this appeal, it is best to remind ourselves, what section 16 actually says; and this is what it says:

> 16. (1) Where any person being a proprietor or registered user of a registered trade mark within the meaning of any written law relating to trade marks or being otherwise entitled at law to the protection of a trade or other mark or a get-up for any goods or services established:
>
> (a) in the case of a registered trade mark, that his rights in respect of such trade mark are being infringed in the course of trade within the meaning of the written law; or
>
> (b) in the case of a trade or other mark or get-up for any goods or services, that his rights in respect of such trade or other mark or get-up are being in the case infringed in the course of trade as a result of which he has a right of action for passing off,
>
> the High Court may on the application of such person make an order declaring that the infringing trade or other mark or get-up as the case may be is for purposes of this Act a false trade description in its application to such goods as may be specified in the order.
>
> (2) An order of the High Court made under this section may be referred to as a trade description order.
>
> (3) A subsisting trade description order made by any High Court in Malaysia shall be admissible in evidence in any proceedings under this Act in which it is relevant as conclusive proof of a false trade description.
>
> (4) A trade description order shall expire at the end of five years from the date on which it is made unless it is renewed by the High Court upon such terms and for such further period of time as the High Court may decide on the application of the person referred to in subsection (1) or his successor in title.

(5) The Minister shall cause a public register of trade description orders to be established and maintained.

This provision is new. There is no right at common law for a party complaining that his mark or other device or trade description has been infringed to approach the court either *ex parte* or *inter partes* to obtain an order such as that provided by s. 16. Any such complaint to be actionable must satisfy the elements of the well-known tort of passing-off and related torts, such as malicious falsehood. That the remedy provided by s. 16 is novel is made patently clear by Parliament in the preamble of the Act, which in its material part reads:

> An Act to consolidate and amend the laws relating to merchandise marks with **new provisions** prohibiting misdescription of goods ... and for related purposes. (emphasis added)

The present case accordingly falls to be covered by the established principle, which deals with the consequences of Parliament providing novel or new remedy. The principle is ancient. It has been adverted to in numerous cases. We do not propose to go through them all here. Suffice that we mention the seminal cases. Of these the first is *Pasmore v. Oswaldtwistle Urban District Council* [1898] AC 387, where (at p. 394) the Earl of Halsbury LC said:

> The principle that where a specific remedy is given by a statute, it thereby deprives the person who insists upon a remedy or any other form of remedy than that given by the statute, is one which is very familiar and which runs through the law.

The second is *Wilkinson v. Barking Corporation* [1948] 1 KB 721, where at p. 724, we find Asquith LJ saying this:

> It is undoubtedly good law that where a statute creates a right and, in plain language, gives a specific remedy or appoints a specific tribunal for its enforcement, a party seeking to enforce the right must resort to that remedy or that tribunal, and not to others.

These cases have been applied repeatedly by the apex courts of this country. See for example, *Tan Chye Choo & Ors v. Chong Kew Moi* [1970] 1 MLJ 1. See also *Metal Industry Employees Union v. Registrar of Trade Unions & Ors* [1976] 1 MLJ 220.

Applying this settled principle to the present case, it is clear that an applicant moving the court under s. 16 is only entitled to the specific remedy provided by it.

If Parliament had wished to confer jurisdiction upon a court making an order under s. 16 to also award damages, it would had said so expressly. It is therefore plain what Parliament intended was to only criminally punish the infringer of merchandising marks and the perpetrator of any other act or omission specifically proscribed by the Act. We therefore, with as much respect as we can gather, reject the principal submission made by Encik Shaari Nor about the way in which s. 16 should be construed.

Additionally, we would observe that Parliament has left it to the parties to resort to the usual common law remedy, for example, the tort of passing-off. That is why it has not expressly barred the bringing of such action despite the TDO. So far as the s. 16(3) argument is concerned, we think that it is sufficiently met by the comment made by our learned brother, Abdul Kadir bin Sulaiman JCA, in the course of argument. As our learned brother observed, s. 16(3) is a mere evidential provision enabling the use of the TDO **only** in proceedings under the Act.

Having reached the conclusion we have, all the arguments advanced by the counsel of the respondent, so far as the effect of s. 16 is concerned fall by the way side.

On the previous occasion, when parties opened their respective case before us, our attention was drawn to two authorities in support of the argument that an order for damages can be made. These are the cases of *Cho Heng Rice Vermicelli Factory Co Ltd v. Rifetra Sendirian Berhad* [2000] 8 CLJ 85 and *Enkei Automotive Co Ltd & Ors v. Bright Rims Manufacturing Sdn Bhd & Ors* [1998] 4 MLJ 474. The short answer is that these cases are merely instances where the application to set aside the TDO succeeded. In such instances, it is entirely proper and within the jurisdiction of the High Court to order an order of assessment of damages. One must not forget that s. 16 is draconian in terms. It permits a litigant to *ex parte* obtain a declaration that would effectively make some other person a criminal or at least *prima facie* a criminal.

Therefore, it is entirely consonant with justice that the person who invokes s. 16, if he fails to maintain his position, to be ordered to pay damages to a person who has successfully vindicated his rights in his application to discharge a TDO.

It is indeed for such a circumstance that O. 92 r. 4 of the Rules of the High Court, 1980 exists: by means of the court's inherent jurisdiction to do complete justice to a litigant. But that does not mean that an applicant in addition to obtaining a TDO is also entitled to a damages, based on the authorities we have already cited.

It is strictly unnecessary therefore, by reason of what we have said thus far, to address the other arguments. But in deference to the effort of appellant's counsel in formulating the argument and strenuously pursuing it, we feel we ought to say a few words about it.

It is trite law that there can be no assessment of damages unless there is an order awarding damages. This principle has been reiterated on numerous occasions.

In *Lai Yoke Ngan & Anor v. Chin Teck Kwee & Anor* [1997] 3 CLJ 305, at p. 324, it was said that:

> It is elementary law that there can be no assessment of damages in the absence of a judgment granting damages.

As pointed out by our learned brother, Abdul Kadir bin Sulaiman JCA in the course of the hearing, not once but on numerous occasions, there is absent any such an order in this case. The learned judge's lament therefore matters not. Neither does it matter that liability may be assessed at one stage and an assessment done at another because that proposition has no application in the present instance at all. Even if it could be said that liability has been established, no judgment or award of damages was ever made in this case. We say "even if" advisedly because there was no power in the High Court to find an alleged infringer civilly liable in damages under s. 16 of the Act.

For the reasons already given, the appeal succeeds. The order of the learned judge is set aside. The respondent will pay the costs of the appellant in this court and the court below. The deposit paid by the appellant is to be refunded to it.

Before concluding this judgment, we would like to express our gratitude to counsel on both sides and especially to Encik Shaari Nor for his careful arguments.